

D.C. Lottery and Charitable Games Control Board (DC0)

The mission of the DC Lottery and Charitable Games Control Board is to generate revenues for the General Fund and regulate charitable games to support programs and services for the residents of the District of Columbia.

| | |
|--|-----------------------|
| Agency Director | Anthony Cooper |
| Proposed Operating Budget (\$ in thousands) | \$223,200 |

Fast Facts

- | | |
|---|--|
| <ul style="list-style-type: none"> The proposed FY 2001 operating budget is \$223,200,000, a decrease of \$11,200,000 from the FY 2000 budget. There are 100 full-time equivalents (FTEs) supported by this budget. | <ul style="list-style-type: none"> During FY 2001, the agency plans to introduce a new lottery game and enhance existing online games to increase sales and the revenue transfer to the General Fund. Adapt governance structure to be more competitive within the lottery industry. |
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FY 2001 Proposed Budget by Control Center

The basic unit of budgetary and financial control in the District's financial management system is a control center. D.C. Lottery and Charitable Control Board is comprised of three control centers that serve as the major components of the agency's budget.

FY 2001 Proposed Budget by Control Center

(Dollars in Thousands)

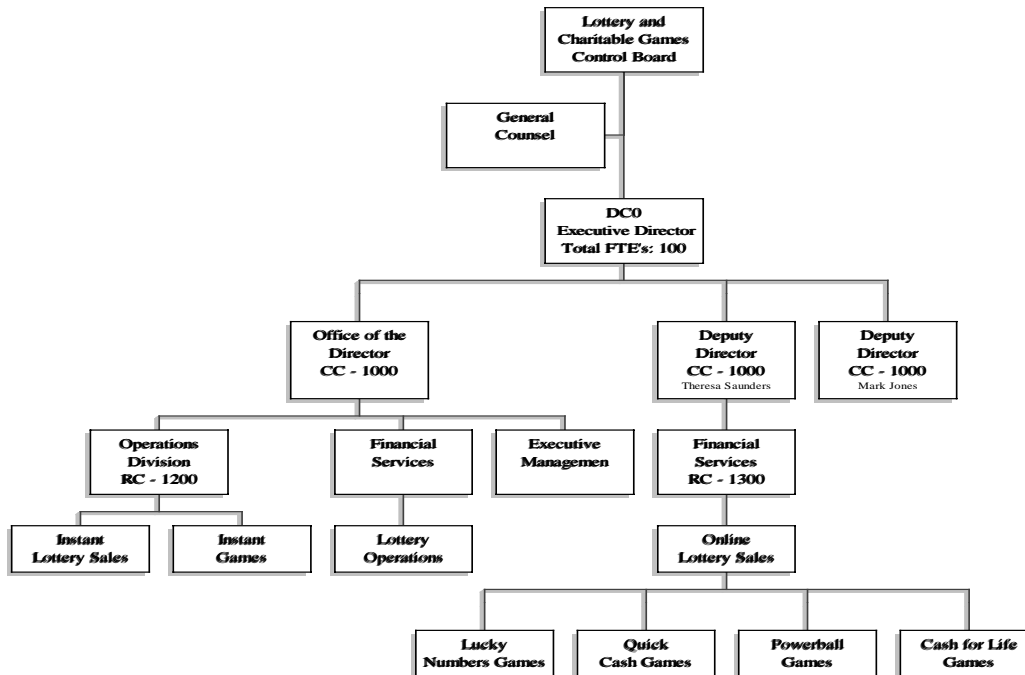
D.C. Lottery and Charitable Games Control Board

| Control Center | Proposed FY 2001 Budget |
|---|-------------------------------|
| 1000 OFFICE OF THE DIRECTOR | 9,100 |
| 2000 OPERATIONS DIVISION (INSTANT SALES) | 31,156 |
| 3000 FINANCIAL SERVICES (ON-LINE SALES) | 182,944 |
| DC0 D.C. Lottery and Charitable Games Control Board | 223,200 |

Agency Overview and Organization

The D.C. Lottery achieves its mission by maximizing lottery sales and profits by administering legalized lotteries and online numbers games, and protecting the public against fraud and deception through effective management and regulation of lottery and charitable gaming activities in the District of Columbia through on control center and three responsibility centers (cost centers):

- **Office of the Director** - this responsibility center provides the management and operating structure for all business and regulatory activities through the Executive Management, Lottery Operations, and Financial Services.
- **Operations Division** - this responsibility center consists of the Instant Lottery Sales Division, which encompasses the development, design, distribution, and accounting for instant "scratch off" tickets transactions.
- **Financial Service** - this responsibility center consists of the Online Numbers Sales Division, which provides the development and implementation of new games as well as administering, enhancing, and monitoring the sales activities of existing games.



FY 2001 Proposed Operating Budget

The D.C. Lottery and Charitable Games Control Board Operating Budget is composed of two categories: (1) Personal Services (PS), and (2) Non-personal Services (NPS).

Within the PS budget category are several object classes of expenditure such as regular pay, other pay, additional gross pay, and fringe benefits. Within the NPS budget category are several object classes of expenditure such as supplies and materials, utilities, communications, rent, other services and charges, contractual services, subsidies and transfers, equipment and equipment rental, and debt service.

Authorized spending levels present the dollars and related full-time equivalents (FTE) by revenue type. The D.C. Lottery and Charitable Games Control Board revenue type is Other sources.

FY 2001 Proposed Operating Budget

(Dollars in Thousands)

D.C. Lottery and Charitable Games Control Board

| Object Class | Actual FY 1999 | | Approved FY 2000 | | Proposed FY 2001 | | Variance | |
|--|-------------------|---------|---------------------|---------|---------------------|---------|----------|---------|
| Regular Pay -Cont. Full Time | 3,943 | | 4,657 | | 5,034 | | 377 | |
| Regular Pay - Other | 104 | | 46 | | 99 | | 53 | |
| Additional Gross Pay | 139 | | 93 | | 149 | | 56 | |
| Fringe Benefits | 634 | | 767 | | 821 | | 54 | |
| Unknown Payroll Postings | 0 | | 0 | | 0 | | 0 | |
| Subtotal for: Personal Services (PS) | 4,819 | | 5,563 | | 6,104 | | 541 | |
| Supplies and Materials | 60 | | 118 | | 130 | | 12 | |
| Utilities | 0 | | 40 | | 0 | | -40 | |
| Telephone, Telegraph, Telegram | 433 | | 834 | | 1,235 | | 401 | |
| Rentals - Land and Structures | 1,272 | | 1,475 | | 1,475 | | 0 | |
| Other Services and Charges | 13,711 | | 16,800 | | 13,780 | | -3,020 | |
| Contractual Services - Other | 3,047 | | 3,876 | | 4,055 | | 179 | |
| Subsidies and Transfers | 185,853 | | 204,932 | | 195,475 | | -9,457 | |
| Equipment and Equipment Rental | 330 | | 762 | | 946 | | 184 | |
| Subtotal for: Nonpersonal Services (NPS) | 204,705 | | 228,837 | | 217,096 | | -11,741 | |
| Total Expenditures: | 209,525 | | 234,400 | | 223,200 | | -11,200 | |
| Authorized Spending Levels by Revenue Type: | | | | | | | | |
| | FTEs | Dollars | FTEs | Dollars | FTEs | Dollars | FTEs | Dollars |
| Local | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 88 | 209,525 | 100 | 234,400 | 100 | 223,200 | 0 | -11,200 |
| Total: | 89 | 209,525 | 100 | 234,400 | 100 | 223,200 | 0 | -11,200 |

Agency Funding Summary

The proposed FY 2001 operating budget *for all funding sources* is \$223,200,000, a decrease of \$11,200,000, or 4.8 percent from the FY 2000 budget. There are 100 FTEs supported by this budget. The D.C. Lottery and Charitable Games Control Board receives funding from other sources.

- **Other.** The proposed *other* budget is \$223,200,000, a decrease of \$11,200,000 from the FY 2000 budget. Of this decrease, \$540,570 is an increase in personal services, and \$11,740,570 is a decrease in nonpersonal services. There are 100 FTEs supported by other sources.

The change in personal services is comprised of:

- \$377,140 is an increase for the 6 percent nonunion pay increase
- \$53,110 is an increase for regular pay other due to increase in workload
- \$56,000 is an increase in overtime due to increase in workload
- \$54,320 is an increase in fringe benefits due to the increase to regular pay and regular pay other

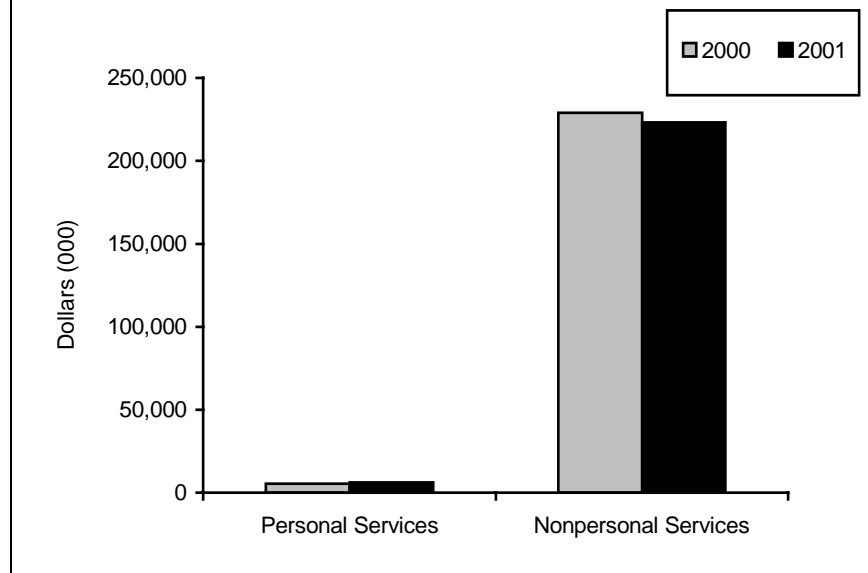
The change in nonpersonal services is comprised of:

- \$12,000 is an net increase in supplies due to a shift in emphasis from one control center to another
- (\$40,000) is a decrease in utilities based on Office of Property Management (OPM) estimates
- \$400,713 is an increase in rent based on OPM estimates
- (\$3,019,939) is a decrease in other services and charges based on the lower than anticipated forecast on lottery sales
- \$178,764 is an increase in contractual services due to the agency's attempt to increase the number of lottery retailers
- (\$9,456,538) is a decrease in subsidies and transfers based on the lower than anticipated forecast on lottery sales
- \$184,430 is an increase in equipment based on the agency's need to update equipment

Figure 1**FY 2001 Proposed Budget Includes an Increase for PS and a Decrease in NPS**

Personal Services increased by 9.7 percent, from \$5.6 million in the FY 2000 to \$6.1 million, in FY 2001.

Nonpersonal services decreased by 2.4 percent, from \$228.8 million to \$217.1 million, due to lower than anticipated forecast of lottery sales.



Occupational Classification Codes

Occupational Classification Codes (OCC) are used by federal agencies like the Bureau of Labor and Census Bureau, as a way of classifying workers into eight major occupational categories for the purpose of collecting, calculating, or disseminating data. The DC Lottery and Charitable Games Control Board workforce is divided among six occupational classification codes.

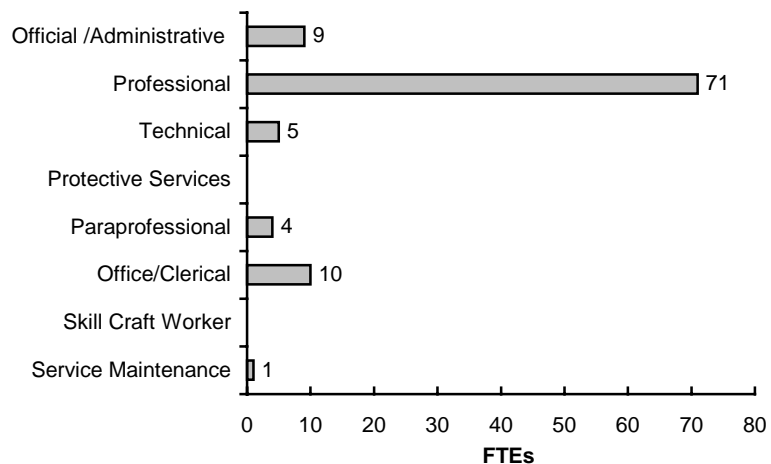
Agency FTEs by Occupational Classification Code

| OC Code | FTEs in FY 2001 |
|--------------------------|-----------------|
| Official /Administrative | 9 |
| Professional | 71 |
| Technical | 5 |
| Protective Services | 0 |
| Paraprofessional | 4 |
| Office/Clerical | 10 |
| Skill Craft Worker | 0 |
| Service Maintenance | 1 |
| Total | 100 |

FTE Analysis

Agency FTEs by Occupational Classification Code

The DC Lottery is an enterprise agency. Of the total FTEs, 71.0 percent are Professional. Another 10.0 percent are Office/Clerical employees.



Control Center Summaries

1000 Office of the Director

FY 2001 Proposed Operating Budget**Control Center:** 1000

OFFICE OF THE DIRECTOR

(Dollars in Thousands)

D.C. Lottery and Charitable Games Control Board

| Object Class | Actual FY 1999 | Approved FY 2000 | Proposed FY 2001 | Variance |
|--|---------------------------|-----------------------------|-----------------------------|-----------------|
| Regular Pay -Cont. Full Time | 3,881 | 4,657 | 5,034 | 377 |
| Regular Pay - Other | 104 | 46 | 99 | 53 |
| Additional Gross Pay | 138 | 93 | 149 | 56 |
| Fringe Benefits | 626 | 767 | 821 | 54 |
| Subtotal for: Personal Services (PS) | 4,749 | 5,563 | 6,104 | 541 |
| Supplies and Materials | 47 | 118 | 85 | -33 |
| Utilities | 0 | 40 | 0 | -40 |
| Telephone, Telegraph, Telegram | 120 | 245 | 285 | 40 |
| Rentals - Land and Structures | 1,102 | 1,300 | 1,300 | 0 |
| Other Services and Charges | 227 | 496 | 520 | 24 |
| Contractual Services - Other | 392 | 521 | 500 | -21 |
| Equipment and Equipment Rental | 45 | 67 | 306 | 239 |
| Subtotal for: Nonpersonal Services (NPS) | 1,932 | 2,787 | 2,996 | 209 |
| Total Expenditures: | 6,681 | 8,350 | 9,100 | 750 |
| Authorized Spending Levels by Revenue Type: | | | | |
| | Dollars | Dollars | Dollars | Dollars |
| Other | 6,681 | 8,350 | 9,100 | 750 |
| Total: | 6,681 | 8,350 | 9,100 | 750 |

1000 Office of the Director

| OFFICE OF THE DIRECTOR (Dollars in Thousands) D.C. Lottery and Charitable Games Control Board | | | | |
|---|------------------------|-------|-----------------------------|-------------------------------|
| Program | | | Proposed FY 2001 FTEs | Proposed FY 2001 Budget |
| 1100 | ADMINISTRATION | | 24 | 2,604 |
| 1200 | LOTTERY OPERATIONS | | 54 | 3,744 |
| 1300 | FINANCIAL SERVICES | | 22 | 2,752 |
| 1000 | OFFICE OF THE DIRECTOR | | 100 | 9,100 |
| Total by Revenue Type: | | | | |
| 1000 | OFFICE OF THE DIRECTOR | Other | 100 | 9,100 |
| 1000 | OFFICE OF THE DIRECTOR | Total | 100 | 9,100 |

Program Overview

The Office of the Director - this responsibility center provides the management and operating structure for all business and regulatory activities through the Executive Management, Lottery Operations, and Financial Services.

Proposed Budget Summary

The proposed FY 2001 budget for Administration totals \$9,100,000, an increase of \$750,000 over the FY 2000 budget. There are 100 FTEs supported by this control center.

- **Other.** The proposed *other* budget is \$9,100,000 an increase of \$750,000 over the FY 2000 budget. Of this increase, \$540,570 is in personal services, and \$209,430 is in nonpersonal services. There are 100 FTEs supported by other sources.

The change in personal services is comprised of:

- \$377,140 is an increase for the 6 percent nonunion pay increase
- \$53,110 is an increase for regular pay other due to increase in workload
- \$56,000 is an increase in overtime due to increase in workload
- \$54,320 is an increase in fringe benefits due to the increase in regular pay and regular pay other

The change in nonpersonal services is comprised of:

- (\$33,000) is a decrease in supplies within this control center due to a shift to greater emphasis within another control center
- (\$40,000) is a decrease in utilities based on OPM estimates
- \$40,000 is an increase in telephone based on OPM estimates
- \$24,000 is an increase in rent based on OPM estimates
- (\$21,000) is a decrease in contractual services within this control center due to lower than anticipated forecast in lottery sales

- \$239,430 is an increase in equipment within this control center due to anticipated upgrade of equipment

2000 Operations Division (Instant Sales)

FY 2001 Proposed Operating Budget**Control Center:** 2000

OPERATIONS DIVISION (INSTANT SALES)

(Dollars in Thousands)

D.C. Lottery and Charitable Games Control Board

| Object Class | Actual FY 1999 | Approved FY 2000 | Proposed FY 2001 | Variance |
|--|---------------------------|-----------------------------|-----------------------------|-----------------|
| Telephone, Telegraph, Telegram | -34 | 104 | 140 | 36 |
| Other Services and Charges | 933 | 1,720 | 1,435 | -285 |
| Contractual Services - Other | 1,150 | 2,045 | 1,775 | -270 |
| Subsidies and Transfers | 26,368 | 34,685 | 27,806 | -6,879 |
| Equipment and Equipment Rental | 44 | 0 | 0 | 0 |
| Subtotal for: Nonpersonal Services (NPS) | 28,462 | 38,554 | 31,156 | -7,398 |
| Total Expenditures: | 28,462 | 38,554 | 31,156 | -7,398 |
| Authorized Spending Levels by Revenue Type: | Dollars | Dollars | Dollars | Dollars |
| Other | 28,462 | 38,554 | 31,156 | -7,398 |
| Total: | 28,462 | 38,554 | 31,156 | -7,398 |

2000 Operations Division (Instant Sales)

| OPERATIONS DIVISION (INSTANT SALES) | | | | |
|---|-------------------------------------|-------|-----------------------------|-------------------------------|
| (Dollars in Thousands) | | | | |
| D.C. Lottery and Charitable Games Control Board | | | | |
| Program | | | Proposed FY 2001 FTEs | Proposed FY 2001 Budget |
| 2100 | INSTANT GAMES | | 0 | 31,156 |
| 2000 | OPERATIONS DIVISION (INSTANT SALES) | | 0 | 31,156 |
| Total by Revenue Type: | | | | |
| 2000 | OPERATIONS DIVISION (INSTANT SALES) | Other | 0 | 31,156 |
| 2000 | OPERATIONS DIVISION (INSTANT SALES) | Total | 0 | 31,156 |

Program Overview

The Operations Division - this responsibility center consists of the Instant Lottery Sales Division, which encompasses the development, design, distribution, and accounting for instant "scratch off" tickets transactions.

Proposed Budget Summary

The proposed FY 2001 budget for Instant Games totals \$31,156,000, a decrease of \$7,398,000 from the FY 2000. Instant Games consist of only nonpersonal services.

- **Other.** The proposed *other* budget is \$31,156,000, a decrease of \$7,398,000 from the FY 2000. The entire decrease is in nonpersonal services. The decrease is due to lower than expected forecast in lottery sales.

The change in nonpersonal services is comprised of:

- \$36,000 is an increase in telephone based on OPM estimates
- (\$285,000) is a decrease in other services and charges due to lower than expected sale of instant lottery games
- (\$270,000) is a decrease in contractual services due to lower than expected sale of instant lottery games
- (\$6,879,318) is a decrease in subsidies and transfers due to lower than expected sale of instant lottery games which leads to lower transfers of revenue to the General Fund

3000 Financial Services (On-Line Sales)**FY 2001 Proposed Operating Budget****Control Center:** 3000**FINANCIAL SERVICES (ON-LINE SALES)****(Dollars in Thousands)**

D.C. Lottery and Charitable Games Control Board

| Object Class | Actual FY 1999 | Approved FY 2000 | Proposed FY 2001 | Variance |
|--|---------------------------|-----------------------------|-----------------------------|-----------------|
| Supplies and Materials | 14 | 0 | 45 | 45 |
| Telephone, Telegraph, Telegram | 348 | 485 | 810 | 325 |
| Rentals - Land and Structures | 170 | 175 | 175 | 0 |
| Other Services and Charges | 12,551 | 14,584 | 11,825 | -2,759 |
| Contractual Services - Other | 1,505 | 1,310 | 1,780 | 470 |
| Subsidies and Transfers | 159,484 | 170,247 | 167,669 | -2,577 |
| Equipment and Equipment Rental | 241 | 695 | 640 | -55 |
| Subtotal for: Nonpersonal Services (NPS) | 174,312 | 187,496 | 182,944 | -4,552 |
| Total Expenditures: | 174,312 | 187,496 | 182,944 | -4,552 |
| Authorized Spending Levels by Revenue Type: | Dollars | Dollars | Dollars | Dollars |
| Other | 174,312 | 187,496 | 182,944 | -4,552 |
| Total: | 174,312 | 187,496 | 182,944 | -4,552 |

3000 Financial Services (On-Line Sales)

| FINANCIAL SERVICES (ON-LINE SALES) | | | | |
|---|------------------------------------|-------|--------------------------------------|--|
| (Dollars in Thousands) | | | | |
| D.C. Lottery and Charitable Games Control Board | | | | |
| Program | | | Proposed FY 2001 FTEs | Proposed FY 2001 Budget |
| 3100 | LUCKY NUMBERS | | 0 | 70,460 |
| 3200 | QUICK CASH | | 0 | 5,273 |
| 3300 | DC FOUR | | 0 | 62,311 |
| 3400 | CASH 4 LIFE | | 0 | 0 |
| 3600 | POWERBALL | | 0 | 29,718 |
| 3700 | HOT FIVE | | 0 | 5,081 |
| 3800 | ALPHA GAME | | 0 | 6,902 |
| 9400 | INTEREST INCOME | | 0 | 3,000 |
| 9500 | ONLINE REIMBURSEMENTS | | 0 | 25 |
| 9800 | MISCELLANEOUS | | 0 | 175 |
| 3000 | FINANCIAL SERVICES (ON-LINE SALES) | | 0 | 182,944 |
| Total by Revenue Type: | | | | |
| 3000 | FINANCIAL SERVICES (ON-LINE SALES) | Other | 0 | 182,944 |
| 3000 | FINANCIAL SERVICES (ON-LINE SALES) | Total | 0 | 182,944 |

Program Overview

The Financial Service - this responsibility center consists of the Online Numbers Sales Division, which provides the development and implementation of new games as well as administering, enhancing, and monitoring the sales activities of existing games.

Proposed Budget Summary

The proposed FY 2001 budget for On-Line Games totals \$182,944,000, a decrease of \$4,552,000 from the FY 2000. Online Games consist of only nonpersonal services.

- **Other.** The proposed *other* budget is \$182,944,000, a decrease of \$4,552,000 from the FY 2000. The entire decrease is in nonpersonal services. The decrease is due to lower than expected forecast in lottery sales.

The change in nonpersonal services is comprised of:

- \$45,000 is an increase in supplies due to the increase emphasis towards this control center
- \$324,713 is an increase in telephone based on OPM estimates
- (\$2,758,939) is a decrease in other services and charges due to lower than expect sale of on-line lottery sale
- \$469,764 is an increase in contract due to anticipated increase in the number of retailers selling on-line lottery tickets

D.C. Lottery and Charitable Games Control Board (DC0)

- (\$2,577,220) is a decrease in subsidies and transfers due to lower than expected sale of on-line lottery games which leads to lower transfers of revenue to the General Fund.
- (\$55,000) is a decrease in equipment in this control center to concentrate on other control centers.